

## **EXHIBIT 1**

### **INTRODUCTION**

Respondent Harold B. Williams is a securities broker who resides in San Diego, California.

In 2002, during the second semi-annual campaign reporting period of July 1, 2002 through December 31, 2002, Respondent made \$28,922 in political contributions, and thereby qualified as a “major donor committee” under the Political Reform Act (the “Act”).<sup>1</sup> As such, Respondent was required to comply with specified campaign reporting provisions of the Act.

As a major donor committee, Respondent was required by the Act to file late contribution reports disclosing his late contributions within 24 hours of making them. Furthermore, Respondent was required to file a semi-annual campaign statement, commonly known as a “major donor statement,” disclosing his contributions during the period July 1, 2002 through December 31, 2002, by January 31, 2003.

In this case, Respondent made one late contribution prior to the November 5, 2002 general election, which he failed to disclose in a properly filed late contribution report, thereby committing a violation of the Act. Respondent also failed to timely file a semi-annual campaign statement disclosing the campaign activity of Respondent by the January 31, 2003 due date, thereby committing an additional violation of the Act.

For the purposes of this stipulation, Respondent’s violations are stated as follows:

**COUNT 1:** Respondent Harold B. Williams failed to disclose a \$26,992 late contribution to the “Bill Simon for Governor” committee in a properly filed late contribution report, by the October 25, 2002 due date, in violation of section 84203, subdivision (a).

**COUNT 2:** Respondent Harold B. Williams failed to file a semi-annual campaign statement by January 31, 2003, for the reporting period July 1, 2002 through December 31, 2002, in violation of section 84200, subdivision (b).

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<sup>1</sup> The Political Reform Act is contained in Government Code sections 81000 through 91014. All statutory references are to the Government Code, unless otherwise indicated. The regulations of the Fair Political Practices Commission are contained in sections 18109 through 18997 of title 2 of the California Code of Regulations. All regulatory references are to title 2, division 6 of the California Code of Regulations, unless otherwise indicated.

## **SUMMARY OF THE LAW**

An express purpose of the Act, as set forth in section 81002, subdivision (a), is to ensure that the contributions and expenditures affecting election campaigns are fully and truthfully disclosed to the public, so that voters may be better informed, and improper practices may be inhibited. To that end, the Act sets forth a comprehensive campaign reporting system designed to accomplish this purpose of disclosure.

Section 82013, subdivision (c) includes within the definition of “committee” any person or combination of persons who directly or indirectly makes contributions totaling ten thousand dollars (\$10,000) or more in a calendar year to, or at the behest of, candidates or committees. This type of committee is commonly referred to as a “major donor” committee.

Under section 84203, subdivision (a), when a committee makes or receives a late contribution, the committee must disclose the contribution in a late contribution report that must be filed within 24 hours of making or receiving the contribution. Section 82036 defines a “late contribution” as a contribution aggregating \$1,000 or more that is made or received before an election, but after the closing date of the last pre-election statement. Under section 84200.7, subdivision (b)(2), for an election held in June or November of an even-numbered year, the late contribution period covers the last 16 days before the election.

Section 84200, subdivision (b) requires a major donor committee to file a semi-annual campaign statement for any reporting period in which the committee made campaign contributions. The first semi-annual campaign statement covers the reporting period January 1 to June 30, and must be filed by July 31. The second semi-annual campaign statement covers the reporting period July 1 to December 31, and must be filed by January 31 of the following year.

## **SUMMARY OF THE FACTS**

During the second semi-annual campaign reporting period of July 1, 2002 through December 31, 2002, Respondent Harold B. Williams made \$28,992 in political contributions, and thereby qualified under section 82013, subdivision (c) of the Act as a major donor committee.

### **COUNT 1**

#### **Failure to File a Late Contribution Report**

As a major donor committee, Respondent Harold B. Williams had a duty to file late contribution reports, disclosing, within 24 hours, any late contributions that he made. The late contribution reporting period for the November 5, 2002 general election was October 20, 2002 through November 4, 2002.

On October 24, 2002, Respondent Harold B. Williams made a contribution of \$26,992 to the “Bill Simon for Governor” committee. As the contribution was made during the late contribution reporting period prior to the November 5, 2002 general election, Respondent was

required to disclose the contribution in a late contribution report filed by October 25, 2002. Respondent failed to do so.

By failing to file a late contribution report by October 25, 2002, disclosing a \$26,992 late contribution to the “Bill Simon for Governor” committee, Respondent committed a violation of section 84203, subdivision (a).

## COUNT 2

### **Failure to File a Semi-Annual Campaign Statement**

Respondent Harold B. Williams had a duty to file a semi-annual campaign statement by January 31, 2003, for the reporting period July 1, 2002 through December 31, 2002. Respondent failed to file a semi-annual campaign statement, by January 31, 2003, in violation of section 84200, subdivision (b).

During the reporting period July 1, 2002 through December 31, 2002, Respondent made \$28,992 in contributions and failed to timely file a semi-annual campaign statement disclosing the contributions.

Respondent filed a semi-annual campaign statement for the reporting period January 1, 2002 through December 31, 2002 with the Office of the Secretary of State on May 5, 2003, more than three months late.

By failing to timely file a semi-annual campaign statement disclosing the contributions made, as set forth above, Respondent committed a violation of section 84200, subdivision (b).

## **CONCLUSION**

This matter consists of two counts, which carry a maximum possible administrative penalty of Ten Thousand Dollars (\$10,000).

Under the Enforcement Division’s Streamlined Late Contribution Enforcement Program, the approved administrative penalty for failing to timely disclose a late contribution is 15% of the amount of the undisclosed contributions. Although this matter has been removed from the streamlined program due to Respondent’s additional reporting violation, this violation does not appear to be especially aggravated. Further, Respondent has attributed his violation to a lack of understanding of his filing requirements. Therefore, a penalty approximating 25% of the amount not properly reported is justified.

The typical stipulated administrative penalty for the late filing of a semi-annual campaign statement has historically ranged from \$1,000 to \$2,500 per statement. As this violation also does not appear to be especially aggravated, an administrative penalty approximating the middle of that penalty range is appropriate.

The facts of this case, including the factors discussed above, therefore justify imposition of the agreed upon penalty of Eight Thousand Five Hundred Fifty Dollars (\$8,550).